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Estimates Memorandum

Implications of US Assistance to  
China's Military Modernization  
for Non-Communist Regional  
Powers (U)

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DEFENSE INTELLIGENCE ESTIMATES MEMORANDUM

IMPLICATIONS OF US ASSISTANCE TO CHINA'S MILITARY MODERNIZATION  
FOR NON-COMMUNIST REGIONAL POWERS (U)

(U) This Memorandum has been coordinated within the Defense Intelligence Agency.

(U) This estimate provides an overview of the probable reactions of the non-communist nations in East Asia and Southeast Asia to the potentially accelerated growth of China's military power resulting from the prospective expansion of US military assistance to China. Further, it examines the likely implications for the US of these regional reactions. Information available as of 8 March 1985 was considered in the preparation of this estimate.

(U) Contributions to this estimate were provided by [REDACTED]

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DDE-2200-308-85

## IMPLICATIONS OF US ASSISTANCE TO CHINA'S MILITARY MODERNIZATION FOR NON-COMMUNIST REGIONAL POWERS

## KEY JUDGMENTS

China's acquisition of US arms, military technology, advanced production methods, and training techniques will accelerate the pace of Beijing's military modernization.

- If sustained for at least a decade, these acquisitions would enable China to improve qualitatively its defensive capabilities against the USSR and Vietnam, and will enhance China's posture as a growing regional power.
- China will, however, continue to lack a capability to project large land, sea, and air forces far beyond contiguous border areas.

Any growth in China's military power will cause increased concern among its neighbors, some of whom--particularly Indonesia and Malaysia--already fear and view China as a potential long-term security threat.

In Southeast Asia, the absence of a common regional view will complicate US decisions regarding China.

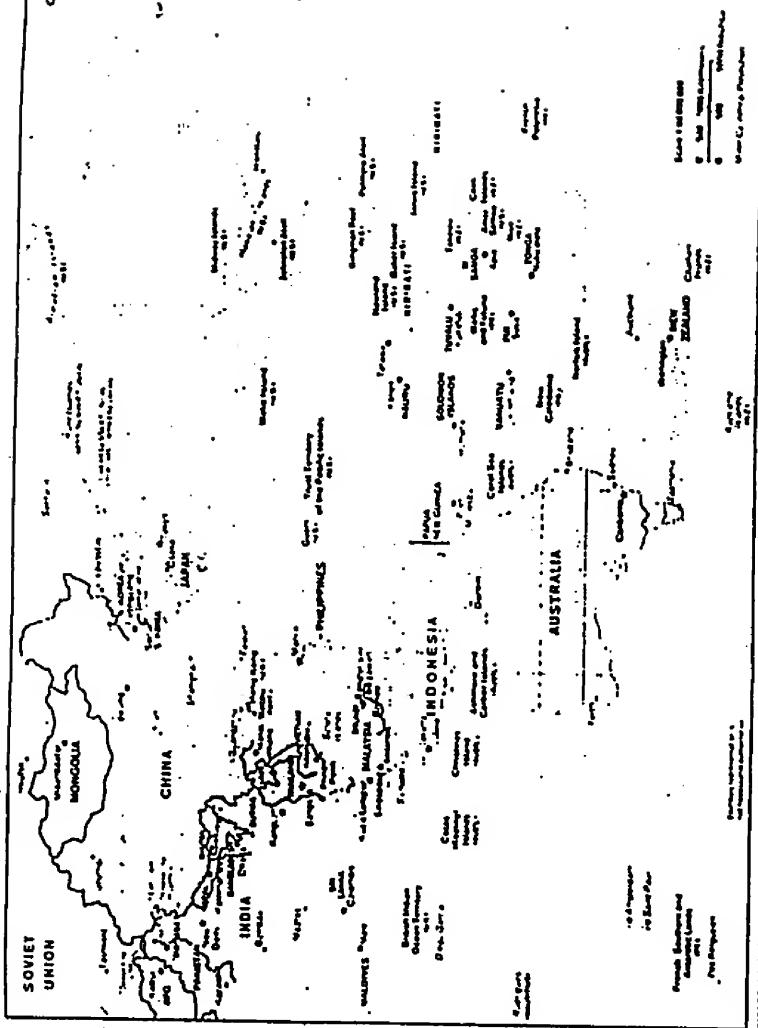
- Among the ASEAN countries, Indonesia and Malaysia will seek reassurances that US-China military cooperation will not threaten their security interests, and that the US will continue to meet their security needs.
- We believe a more powerful China probably will play an increasing military role in Southeast Asia to counter the Soviet presence. If this occurs, ASEAN differences of perception regarding China will be sharpened, and will hamper cooperation in resolving common security problems involving US interests.

In Northeast Asia, Japan and the Republic of Korea will view China's improving military forces as a counterweight to the USSR. However, they will be concerned if growing US-China military cooperation diminishes their roles as US allies, or if it contributes to increased regional tensions.

US support for China's developing military capabilities will impact inevitably on the military balance in the Taiwan Strait, advancing the time when China achieves qualitative superiority over Taiwan.

Pressures for the US to exercise continuing responsibilities as a guarantor of regional stability and security will not be diminished through military cooperation with China. Rather, China's neighbors generally will seek an expanded US role as a regional counterbalance to growing Chinese military power.

East Asia and Oceania



CLASSIFIED

## DISCUSSION

### BACKGROUND

1. [REDACTED] The groundwork for a substantial expansion of the US-China military relationship has been laid over the past year. Initial steps in a program to upgrade China's military capabilities have been taken in the areas of artillery, antiaarmor, and air defense. Beijing and Washington are now moving to extend this assistance into the area of naval cooperation that could improve China's shipborne antisubmarine warfare and cruise missile defense capabilities. Although current programs will not significantly enhance China's military capabilities, we anticipate that China will seek future cooperation in an increasing number of areas.
2. [REDACTED] China's acquisition of US arms, military technology, advanced production methods, and training techniques will accelerate the pace of Beijing's military modernization. If sustained for at least a decade, these acquisitions would enable China to improve qualitatively its defensive capabilities against the USSR and Vietnam, and will enhance China's posture as a growing regional military power.

### REGIONAL PERCEPTIONS

3. [REDACTED] Any growth in China's military power will cause increased concern among China's neighbors, some of whom already fear and view China as a potential long-term security threat. Many of these states are US friends and allies, whose foreign policies are generally supportive of US regional interests. Their concerns vary due to their different historical experiences with the Chinese, degrees of confidence in security arrangements with the US, and relative proximity to China and to the Soviet threat.
4. [REDACTED] Most regional leaders readily acknowledge the logic of US reassurances that, even with US assistance, China's military modernization will be a slow process, that China will not likely develop threatening regional power projection capabilities over the next decade or two, and that Beijing's present commitment to its domestic economic development encourages moderate external policies beneficial to the region.
5. [REDACTED] However, regional long-term concerns are not eased by Beijing's current moderate policies to promote better relations with its non-communist neighbors. They foresee a considerable growth of China's military power in the 21st century and fear that Chinese leaders and policy directions will eventually change. Moreover, they harbor some concerns about the durability of the US commitments in the area as a counterbalance to possible long-term Chinese ambitions. Their concerns might be eased by a measured US approach which is sensitive to regional fears and links progress in US-China military cooperation and technology transfers to the continuance of Chinese policies along their present moderate lines.
6. [REDACTED] Southeast Asia. China's military modernization will be perceived in some--but not all--Southeast Asian nations with serious concern. Indonesia

and Malaysia will be the most sensitive to Chinese force developments, mainly because of their historic suspicions of China, fears of the long-term prospects of Chinese expansion, and attitudes toward their indigenous ethnic Chinese populations. These fears will be heightened by the extent to which naval improvements enhance Chinese capabilities to operate in neighboring seas, contribute to advancement of China's claims to disputed offshore territories in the South China Sea, and lead to a more visible Chinese naval presence throughout the region.

7. [REDACTED] Indonesian and Malaysian leaders realize that the most pressing security threat to regional stability now emanates from Vietnam. They are suspicious of Soviet motives in supporting Vietnam and are concerned about the increasing Soviet presence there. However, they do not share the view that US-China military cooperation is necessary or helpful as a counterbalance to the Soviet buildup in the South China Sea. Rather, they are concerned that US support for China's military modernization will lead to a more assertive Chinese military role in the region which would induce the Soviets to entrench themselves to an even greater extent.

-- [REDACTED] Indonesia. Indonesia's leaders are not comfortable with the current level of US-China military cooperation, although they tolerate it. Indonesian sensitivities are least offended by US assistance to China's ground forces or air defenses. However, they have greater concern for US naval assistance to China and would be most alarmed if such aid were to contribute to China's development of a long-range naval force projection capability. Indonesian objections to US military cooperation with China probably will not become acute as long as the US does not provide offensive weapons to China, continues to provide Indonesia access to US military equipment which is at least comparable to what it provides China, and keeps Indonesia fully informed of any specific decisions to assist China.

-- [REDACTED] This position reflects Jakarta's view that China poses the most serious long-term foreign threat. Some top leaders hold China responsible for the 1965 abortive communist coup and believe Beijing could use Indonesia's ethnic Chinese community to rekindle communist activity. Consequently, Indonesia probably will continue to defer reestablishment of diplomatic relations with Beijing, hoping that Vietnam eventually will provide a friendly buffer to China.

-- [REDACTED] Malaysia. Like Indonesia, Malaysia is concerned about US arms sales to China and to increased US-China military relations. While the Malaysians concede that China, under its present relatively moderate government, is now playing a responsible regional role, they harbor deep-seated fears of China as a potential long-term threat. Externally, Malaysian leaders find it difficult to accept the view that a stronger, modernized China will contribute to maintaining regional peace and stability. The Malaysians would be concerned particularly over US military assistance which might contribute to China's naval power projection capability. However, such Malaysian fears probably will not increase as long as the US maintains a credible presence in the region.

-- [redacted] Malaysian concerns are motivated partly by their suspicions of the internal threat posed by ethnic Chinese, who comprise one-third of Malaysia's population. They perceive a strong racial bond between Malaysian Chinese and those of mainland China. They recognize that China has ceased providing direct support to communist insurgents in Malaysia but are mindful that Beijing has refused to disavow its moral support for the outlawed Communist Party of Malaysia. Malaysians are worried that China's leadership may change in another ten to twenty years and that Chinese policies could take a radical turn.

-- [redacted] Singapore. The Government of Singapore is not particularly concerned about the current direction of US-PRC relations and probably will not object to US arms sales and military technology transfers to China which are primarily defensive in nature. Fully sensitive to the Vietnamese threat to regional stability, Singapore considers the USSR a greater threat to the region. Nevertheless, Singapore's official posture will be conditioned strongly by Indonesian and Malaysian reactions. Singapore will continue to counsel the US to pursue a cautious approach in military assistance to China.

-- [redacted] Thailand. Likewise, Thailand is not overly worried about US plans to assist China's military modernization. When briefed on US intentions to provide defensive weapons and technology to China, Thai officials have not expressed serious reservations. Thailand sees Vietnam as its most serious threat and relies heavily on Chinese security guarantees to help counter it. Chinese support for Thailand's security and for the anti-Vietnamese resistance in Cambodia increases China's political influence in Bangkok. Bangkok's ties with Beijing have moderated its concerns about the growth of Chinese military power and could lead the Thais to consider a long-term security relationship with the Chinese, although this has not been well articulated within the Thai government.

-- [redacted] Philippines. The Philippines might become concerned about US assistance that would provide China with an increased naval reach, South China Sea. However, internal problems will so preoccupy Manila that this probably will not be an issue for the foreseeable future. Philippine leaders generally accept the evolving US-PRC military relationship as a counter to growing Soviet power in the region. However, they are apprehensive over the direction of future Chinese policies.

-- [redacted] Australia. Australian government officials, while conceding the potential long-term risks involved, generally will support the developing US-China military relationship. They are confident that US assistance to China will result in greater regional stability at least for the foreseeable future. Australia's main concern will be the effect on, and the reaction of, their ASEAN neighbors.

8. [REDACTED] Northeast Asia. In Northeast Asia, Japan and the Republic of Korea--as the principal US allies in the region and as nations vulnerable to nearby Soviet forces--recognize that some benefits will accrue from closer US-China military relations. They realize that these relations contribute to the development of China as a strategic counterweight to the Soviet Union and encourage Beijing to pursue more moderate policies toward its non-Communist neighbors.

-- [REDACTED] Japan. Japan supports China's modernization, including military development; but will be concerned about China developing military capabilities which could threaten Japan seriously. Although the Japanese do not see this as likely in the near term, they nonetheless are uncomfortable with the long-term prospects of a greatly strengthened China. As US-China relations continue to improve, Japanese leaders may become increasingly concerned about any perceived erosion of Japan's role as the cornerstone of US Asian policy. Thus, the Japanese will expect Washington to pursue its relationship with China in a way which clearly promotes mutual security interests.

-- [REDACTED] Republic of Korea. The Republic of Korea is concerned about the impact of China's military modernization on Seoul's chief adversary, North Korea. Seoul especially fears that US military technology or weapons provided to China might end up in North Korea. Further, the ROK worries that closer US-China ties may lead to an increased role for China as a guarantor of regional stability and fears a resultant diminution of the US commitment to the ROK. The ROK also is concerned about the impact of closer US-China military and political ties upon Pyongyang's relations with Moscow. ROK officials were particularly worried when North Korea moved in 1984 to improve its relations with the USSR, a development which could foreshadow increased military cooperation. Seoul perceives such a prospect as far more dangerous than a pro-Beijing alignment.

9. [REDACTED] Taiwan. China's military modernization, especially with US assistance, inevitably will impact on the military balance in the Taiwan Strait. In particular, it will close the qualitative gap now favoring Taiwan in certain critical areas, notably the air balance.

-- [REDACTED] China already possesses the capability to mount a successful naval blockade of Taiwan, barring direct US intervention. Beijing's naval modernization, especially if this were to include improvements in conventional submarine weapons and sensors, would further enhance this capability.

-- [REDACTED] In our judgment, China currently lacks the capability to invade and occupy Taiwan by force. At least five to ten years of intensive and costly efforts in shipbuilding, training and force structuring would be required to achieve the omnibus lift capability to mount such an invasion. We see no evidence that the Chinese are pursuing this option.

-- [REDACTED] Nonetheless, one of the consequences of growing US support for China's military modernization and the emergence of broader forms of US-China military cooperation will be an increasing perception of insecurity on Taiwan.

#### PROSPECTS

10. [REDACTED] We estimate that China's military modernization will enhance its now modest capability to project military power and political influence throughout the Far East. However, even with US assistance over the next decade, China will still lack a capability to project large land, sea, and air forces far beyond contiguous border areas in a modern multithreat environment. To develop such a capability, China would need to alter radically its prevailing defensive doctrinal orientation and allocate the economic resources necessary to design, produce, and sustain power projection forces. Selfing probably will not revise the basic mission and role of the People's Liberation Army—which for over three decades has been organized, equipped, positioned, and trained for defensive operations. Moreover, we believe that, for the foreseeable future, China will not allocate the resources necessary to develop such a capability, and that military spending will continue to be subordinated to overall national economic modernization.

11. [REDACTED] The most sensitive regional non-communist nations, particularly Indonesia and Malaysia, will look with disfavor on the enhancement of China's regional role as a military counterbalance against Soviet forces. They would feel comfortable with China's military modernization only if it were to continue to be limited to the improvement of capabilities for defending China's immediate borders against the Soviet Union. However, if China's moderate policies were to persist during this period, allowing improved regional interaction, economic integration, and understanding, we believe regional fears probably would abate somewhat.

#### IMPLICATIONS FOR THE UNITED STATES

12. [REDACTED] Southeast Asia. Within ASEAN, the reactions to US assistance to China's military modernization vary widely. This absence of a common regional view will complicate US decisions regarding China. While the individual ASEAN countries may be persuaded that the benefits of a cautious program of US military cooperation with China outweigh the risks, they will seek reassurances that whatever the US does with China will not be done at their expense.

13. [REDACTED] The ASEAN countries will remain concerned that the US will accord the Chinese "a higher place on its list of friends" than its older friends and allies in ASEAN.

-- [REDACTED] As a result, the ASEAN countries will seek reassurances that the US will maintain its presence in the region and will continue its cooperative relations with the ASEAN nations. Such reassurances would assist in easing their worries about China's progress.

-- [redacted] If they were to perceive their own security interests being significantly threatened by US military assistance to China, they probably would reassess, although not change necessarily, their policies vis-a-vis the US.

14. [redacted] If China were to play an increased military role in Southeast Asia to counter the Soviet presence or were to attempt to play a greater role in any future security arrangements for Indochina--at Vietnam's expense, differences of perception between Thailand and its ASEAN partners regarding China might be sharpened.

-- [redacted] Under the circumstances of a visibly growing US-China military relationship, an increased Chinese presence in Southeast Asia would be perceived in Jakarta and Kuala Lumpur as a delegation by the US of its regional security responsibilities to China. Any such extension of Chinese influence--especially if it were viewed as being condoned by Washington--would create greater concern in Indonesia and Malaysia. Even the failure of the US to prevent such a Chinese move would be seen as US complicity.

-- [redacted] On the other hand, increased Chinese involvement that diminished the Vietnamese threat probably would be welcomed by Thailand. Bangkok's greater reliance on Beijing for security assistance would serve to alienate Malaysia and Indonesia. Lack of ASEAN consensus on such security and foreign policy issues would hamper ASEAN cooperation in resolving common security problems involving US interests.

15. [redacted] Northeast Asia. In Northeast Asia, where the Soviet threat is more immediate and directly threatening, Japan and the Republic of Korea readily recognize that improving China's military forces to provide a credible counterweight to Soviet forces in the Far East contributes to their security. These nations, however, realize that their primary position in US strategic calculations could change and perceive that a growing US emphasis on developing China as a strategic counterweight to the USSR could diminish their roles as US allies in the Far East.

-- [redacted] Both nations would become concerned if US military cooperation with China were to provoke a sharp Soviet response, thus increasing tensions in the area.

-- [redacted] Moreover, both countries will seek reassurances that US-China military ties and growing Chinese military power will contribute to peace and stability on the Korean peninsula.

-- [redacted] If US-China military cooperation were to fail to contribute in meeting these security needs, both nations likely would exert pressure on the US to modify or even terminate its support for China's military modernization.

16. [REDACTED] Taiwan. Regarding Taiwan, US support in the development of China's military capabilities will advance the time when China achieves qualitative superiority over Taiwan, especially in the critical air balance. The resolution of the Taiwan issue probably will not occur before this growing imbalance becomes significant, leaving Taiwan vulnerable to potential Chinese political coercion.

17. [REDACTED] As Taiwan's perception of insecurity increases, Taipei probably will appeal more urgently for visible signs of US commitment, including more technically advanced US military assistance. Such assistance, if provided, would continue to carry a high risk of adverse Chinese reactions. Short of a foreseeable future, the possibility of US-China misunderstandings over Taiwan will persist and may even grow.

18. [REDACTED] Appeals from older US friends and allies in the Far East for expanded assistance in meeting their security needs will be one of the most important results of the development of US-China military ties.

-- [REDACTED] Aside from the USSR, the United States will be the only nation with the capability of countering China's modernized military forces. This means that US responsibilities in the region as a guarantor of stability and security could increase, rather than diminish, as Chinese power develops.

-- [REDACTED] Whereas the United States will be concerned primarily with countering Soviet forces, China's neighbors will urge the United States to demonstrate its continued support for their security as a counterbalance to China's growing military power. They will seek appropriate forms of security assistance, including arms sales, the continuance of a visible presence, and reassurances of a US commitment in the region.